

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2319 - SB 2375

February 21, 2012

SUMMARY OF BILL: Declares that it is the intent of the General Assembly that beginning in FY12-13, the amount of state funding allocated per pre-kindergarten (pre-K) classrooms shall be reduced by 25 percent and that the funds made available by this reduction shall be allocated and appropriated to fund the creation of additional pre-K classrooms.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – Decreasing State Funding - Local education agencies (LEAs) with existing pre-K classrooms may choose to cease funding existing pre-K classrooms, thereby decreasing local expenditures by \$25,223 per classroom. LEAs may also choose to increase local expenditures to make up for the loss in state funding. Any decrease or increase in local expenditures as a result of the state decreasing funding for existing pre-K classrooms will be permissive and is estimated to exceed \$1,000,000.

Additional Pre-K classrooms – The 25 percent reduction in state pre-K funding may shift to additional classrooms. The total amount of this shift is dependent on how many new classrooms are opened. The state will hire one new child care program evaluator for each additional 100 classrooms at a cost of \$80,000 per evaluator. LEAs that choose to open new classrooms will increase local expenditures for the local match portion of the pre-K funding. This increase may be actual cash or in-kind contributions. The amount of this permissive increase in funding or contributions is unknown but is estimated to exceed \$25,223 which is the current local match for one new classroom. The Department of Education will fund additional positions as needed from the 25 percent reduction in pre-K funding. The funding of additional positions will decrease the total amount of state funds available for additional classrooms.

Assumptions:


- LEAs will not be required to fund existing pre-K classrooms or increase cash or in-kind contributions to fund additional classrooms.
- The state will have \$21,159,437 from the reallocation to put toward additional pre-K classrooms; however, LEAs must voluntarily open classrooms in order for the state to spend this money.

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- Every 100 classrooms that the LEAs choose to open will require DOE to hire one additional program evaluator at a cost of \$80,000 (\$62,093 salary + \$17,907 benefits). This increase in state expenditures will come from the 25 percent reduction in state funding for existing pre-K classrooms.
- According to DOE, \$21,159,437 will fund an additional 233 classrooms. State funding per classroom is \$90,619.
- If 233 new classrooms are opened, the state will require three new program evaluator positions, at a total cost of \$240,000 (\$80,000 x 3). This will reduce the total amount of funding available for additional classrooms to \$20,919,437 (\$21,159,437 - \$240,000). The number of additional classrooms that could open under this scenario will be 231 (\$20,919,437 / \$90,619).
- If LEAs choose to open 231 additional classrooms, the increase in cash or in-kind local expenditures will be \$5,826,513 (\$25,223 x 231).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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